

## Message Text

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15

ACTION EB-07

INFO OCT-01 ISO-00 IO-10 AF-06 ARA-06 EA-06 EUR-12 NEA-10

OIC-02 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

FRB-03 H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00

USIA-06 PRS-01 SP-02 OMB-01 /132 W

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R 190700Z MAY 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 98

INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PRAGUE

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

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PASS STR

E.(9. 11652: N/A

TAGS: ETRD GATT

SUBJECT: MTN: NTM SUBGROUP MEETING ON STANDARDS

1. SUMMARY: SUBGROUP AGREED DRAFT GATT STANDARDS CODE SHOULD BE BASIS FOR NEGOTIATIONS AND THAT CODE COULD RESULT IN BINDING AGREEMENT WITH BENEFITS LIMITED TO ADHERENTS. WITH NOTABLE EXCEPTION OF EC, THERE WAS BROAD MEASURE OF SUPPORT FOR U.S. ADVOCACY OF EARLY CONCLUSION OF CODE. UNANIMOUS SUPPORT GIVEN U.S. PROPOSAL THAT CODE BE OPEN TO ALL COUNTRIES. GROUP AGREED THAT CODE DEALS WITH MOST PACKAGING AND LABELING PROBLEMS. MARKS OF ORIGIN DISCUSSED BRIEFLY. AGRICULTURE NOT SIGNIFICANT ISSUE. END SUMMARY.

2. NTM SUBGROUP ON TECHNICAL BARRIERS TO TRADE MET MAY 6-15 WITH KAUTZER-SCHROEDER (GATT SECRETARIAT) AS TEMPORARY CHAIRMAN. UNCTAD OBSERVER INVITED. DISCUSSION ON STANDARDS FOCUSED ON MAIN ISSUES CONTAINED IN MTN/NTM/W/5 AND ON PARAGRAPH-BY-PARAGRAPH REVIEW OF DRAFT STANDARDS CODE. PACKAGING AND LABELING AND MARKS OF ORIGIN CONSIDERED SEPARATELY.

3. NATURE OF CODE. GROUP AGREED THAT DRAFT STANDARDS CODE SHOULD BE BASIS FOR NEGOTIATION OF CONTRACTUAL AGREEMENT OPEN TO ALL COUNTRIES, REGARDLESS OF GATT OR MTN PARTICIPATION. IT NOTEWORTHY THAT EC, "WITH SOME RETICENCE," AGREED TO WORK TOWARD BINDING CODE, DESPITE PAST RESERVATIONS. EXCEPT FOR AUSTRALIA, THERE APPEARED BE GENERAL AGREEMENT THAT BENEFITS OF CODE SHOULD BE EXTENDED ONLY TO ADHERENTS.

4. TIMING OF CODE. U.S. (KELLY), WITH GENERAL SUPPORT OF CANADA (DENIS, ELLIOT), JAPAN (WADA) AND ROMANIA, PROPOSED DECEMBER 1975 TARGET DATE FOR COMPLETION OF WORK. SWEDEN, SWITZERLAND

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AND MEXICO CALLED FOR RAPID PROGRESS, BUT CAUTIONED THAT EARLY COMPLETION, PER SE, WAS SECONDARY TO NEGOTIATING CODE THAT WOULD ATTRACT BROADEST POSSIBLE ADHERENCE. ONLY EC (SCHLOSSER) CLEARLY OPPOSED EARLY COMPLETION ON GROUNDS THAT ESTABLISHMENT OF DEADLINE AND DEVELOPMENT OF HIGH-QUALITY CODE WERE INCOMPATIBLE. EC OPPOSITION AMPLY DEMONSTRATED IN POINTED EXHIBITION WITH U.S. DURING MAY 15 RESTRICTED

SESSION. IN RESPONSE TO U.S. QUERY WHETHER ANY DEL  
OPPOSED RAPID PROGRESS, EC REPLIED WITH UNCHARACTERISTIC  
CANDOR, "YES, WE ARE\*" FYI: PRIVATE DISCUSSION BETWEEN  
U.S. AND EC REPS INDICATED THAT EC PLANNED TO PACE WORK  
ON STANDARDS CODE SO THAT IT WOULD BE CONSIDERED AS  
PART OF FINAL MTN PACKAGE. END FYI.

5. CONTENT OF CODE.

A. LEVELS OF OBLIGATION. AS IN PREVIOUS MEET-

INGS, EC AND OTHERS EXPRESSED CONCERN OVER DIFFERENT  
LEVELS OF OBLIGATIONS THAT WOULD BE ASSUMED BY GOVERN-  
MENTS UNDER DRAFT CODE, WHICH COULD RESULT IN A  
FUNDAMENTAL IMBALANCE OF COUNTRIES' COMMITMENTS. POLAND  
AND CZECHOSLOVAKIA POINTED OUT THAT UNITARY GOVERNMENTS,  
ESPECIALLY THOSE ISSUING ONLY MANDATORY STANDARDS,  
WOULD ASSUME HIGHER LEVELS OF OBLIGATION THAN FEDERAL  
GOVERNMENTS, WHICH EXERCISE ONLY LIMITED CONTROL  
OVER STATE, LOCAL AND PRIVATE STANDARDS BODIES.  
U.S. AND OTHER DELS EXPLAINED THAT SINGLE LEVEL OF OBLIGATION  
IS A PRACTICAL IMPOSSIBILITY.

B. QUALITY ASSURANCE SYSTEMS. U.S. STRESSED THAT  
MOST IMPORTANT ISSUE IN CODE IS OPENING OF REGIONAL  
QUALITY ASSURANCE SYSTEMS AND ARRANGEMENTS TO THIRD  
COUNTRY SUPPLIERS. U.S. CONCERN SHARED BY CANADA,  
JAPAN, BRAZIL, AUSTRALIA, ISRAEL, SWEDEN, INDIA,  
POLAND AND CZECHOSLOVAKIA. U.S. PROPOSED ELIMINATION  
OF ALL BRACKETED LANGUAGE THAT WOULD PERMIT DISCRIMINA-  
TION. EC SAID INTENTION OF BRACKETED PARAGRAPHS WAS  
TO CLARIFY REQUIREMENTS FOR PARTICIPATION IN NATIONAL  
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AND REGIONAL QUALITY ASSURANCE SYSTEMS AND ARRANGE-  
MENTS, NOT DISCRIMINATION AGAINST FOREIGN SUPPLIERS.  
U.S. COUNTERED THAT, IF THIS REALLY THE CASE, PROBLEM IS  
ONE OF DRAFTING, NOT OF SUBSTANCE. EC DID NOT REPLY.

C. DISPUTE SETTLEMENT. AS ANTICIPATED, THERE  
WERE MARKED DIFFERENCES OF VIEW REGARDING  
SETTLEMENT OF DISPUTES AND SANCTIONS. OPINIONS DIFFERED  
ON WHETHER CODE SHOULD CONTAIN ANY SANCTIONS, SANCTIONS  
LIMITED TO SUSPENSION OF CODE OBLIGATIONS, OR  
SANCTIONS THAT INCLUDE SUSPENSION OF GATT OBLIGATIONS.  
SOME COUNTRIES BELIEVED THAT ANY ENFORCEMENT PROVISIONS  
SHOULD BE INDEPENDENT OF THE GATT. OTHER DELS,  
PARTICULARLY CANADA, MAINTAINED THAT GATT ARTICLE XXII  
AND XXIII PROVISIONS SHOULD BE USED. GENERAL CONSENSUS

EMERGED THAT NEGOTIATIONS ON THESE ISSUES SHOULD BE DEFERRED UNTIL AGREEMENT MORE ADVANCED ON SUBSTANTIVE PROVISIONS OF CODE.

D. RETROACTIVE APPLICATION OF CODE. EC PROPOSED THAT SIGNATORIES BE REQUIRED TO BRING PARTICULAR STANDARDS AND QUALITY ASSURANCE SYSTEMS INTO CONFORMITY WITH CODE ONLY UPON REQUEST OF ANOTHER ADHERENT. IN CASE OF DISPUTE, ISSUE COULD BE APPEALED TO THE PROPOSED COMMITTEE FOR PREVENTING TECHNICAL BARRIERS TO TRADE. EC PROPOSAL RECEIVED SOME SUPPORT BUT DISCUSSION INCONCLUSIVE.

E. AGRICULTURE. IN OPENING STATEMENT U.S. SAID THAT CODE APPLIES TO AGRICULTURAL PRODUCTS AND REFERRED TO NTM GROUP DECISION THAT SUBGROUP QUOTE SHOULD DRAW UP GENERAL RULES IN THE AREA OF STANDARDS AND THAT THE APPLICABILITY OF THESE RULES TO HEALTH AND SANITARY REGULATIONS CONCERNING AGRICULTURAL AND TROPICAL PRODUCTS SHOULD BE EXAMINED BY GROUPS AGRICULTURE AND TROPICAL PRODUCTS UNQUOTE. AUSTRALIA POLAND AND MEXICO ALSO EMPHASIZED THAT CODE SHOULD APPLY TO AGRICULTURAL PRODUCTS. NO DELEGATION CONTESTED THIS POINT. CHAIRMAN'S SUMMING-UP INCLUDES VERBATIM TEXT OF NTM DECISION AS FIRST SUBSTANTIVE POINT.

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INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-10 IO-10

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USIA-06 PRS-01 SP-02 OMB-01 /132 W

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R 190700Z MAY 75  
FM USDEL MTN GENEVA  
TO SECSTATE WASHDC 99  
INFO AMEMBASSY BONN  
AMEMBASSY BRASILIA

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6. DEFINITIONS. EC, SUPPORTED BY SEVERAL DELS, PROPOSED THAT STANDARDS DEFINITIONS, RECENTLY APPROVED BY ECE AND EXPECTED TO BE ADOPTED BY ISO, SHOULD REPLACE PRESENT CODE DEFINITIONS. OTHER DELS, INCLUDING U.S., PREFERRED RETAINING PRESENT CODE DEFINITIONS LEST USE OF ECE DEFINITIONS NECESSITATE MAJOR REDRAFTING. AS COMPROMISE, SUBGROUP DECIDED THAT SECRETARIAT WOULD PREPARE A PAPER COMPARING TWO SETS OF DEFINITIONS AND ASSESS POSSIBLE IMPLICATIONS FOR CODE OF ADOPTING ECE DEFINITIONS.

7. PACKAGING AND LABELLING. U.S., SUPPORTED BY EC, JAPAN, CANADA, SWEDEN, MEXICO AND POLAND, STATED THAT THE DRAFT CODE ADEQUATELY DEALS WITH MOST NTB ASPECTS OF DIFFERING NATIONAL PACKAGING AND LABELLING REQUIREMENTS. PROBLEMS ARISING FROM INFORMATIONAL LABELLING REQUIREMENTS WERE MENTIONED BY SEVERAL DELEGATIONS AS AREA WHERE CODE MODIFICATIONS MAY BE REQUIRED. U.S. PROPOSED, AND GROUP AGREED, THAT DELS SHOULD SUBMIT, IN WRITING TO GATT SECRETARIAT BY JUNE

15, ANY COMMENTS OR PROPOSED AMENDMENTS TO CODE TO DEAL WITH PROBLEMS OF PACKAGING AND LABELLING.

8. MARKS OF ORIGIN. DISCUSSION NOTEWORTHY FOR BREVITY. SOME DELS APPEARED TO HAVE GIVEN LITTLE THOUGHT TO THIS ISSUE. JAPAN, SUPPORTED BY SWEDEN AND POLAND, SUGGESTED THAT SUBGROUP WORK TOWARD RESOLUTION OF PROBLEM ON BASIS OF 1958 GATT RECOMMENDATIONS. EC STATED THAT SOME NTB EFFECTS OF MARKS OF ORIGIN ARE COVERED BY DRAFT CODE, BUT SUGGESTED THAT ELEMENTS OF 1958 GATT RECOMMENDATIONS MIGHT BE INCORPORATED IN TEXT. U.S. AND CANADA POINTED OUT THAT MARKS OF ORIGIN REQUIREMENTS, PER SE, ARE NOT AN NTB. HOWEVER, COMPLEX AND CONFUSING REGULATIONS CAN HAVE AN NTB EFFECT. U.S. SUGGESTED THAT THESE EFFECTS MIGHT BEST BE DEALT WITH THROUGH INTERNATIONAL HARMONIZATION. SUBGROUP AGREED TO REVERT LIMITED OFFICIAL USE

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TO ISSUE AT NEXT MEETING.

9. LDC'S. LDC DISCUSSION ON SUBSTANCE OF CODE WAS MINIMAL BUT GENERALLY CONSTRUCTIVE. INDIA NOTED THAT AIM OF LDC'S WAS NOT THAT LDC'S SHOULD LOWER THEIR STANDARDS, BUT THAT THESE STANDARDS SHOULD TAKE ACCOUNT OF SPECIAL CONDITIONS IN LDC'S. OTHER PROBLEMS CITED BY LDC'S INCLUDED DIVERSITY OF DC STANDARDS AND LACK OF LDC FINANCIAL RESOURCES AND TECHNICAL KNOWLEDGE. THEY ALSO FELT THAT IT IS TOO EARLY TO AGREE ON WHAT OBLIGATIONS WOULD BE APPROPRIATE FOR THEM TO UNDERTAKE. CITING THE SPECIAL PROVISIONS FOR LDC'S, THE NON-DISCRIMINATORY FEATURES, AND THE NOTIFICATION PROCEDURES, U.S. REMARKED THAT LDC'S ARE THE "BIG WINNERS" IN THE CODE.

10. FUTURE WORK. SUBGROUP MEETING, SCHEDULED FOR SEPTEMBER/EARLY OCTOBER, WILL BE IMMEDIATELY PRECEDED BY TECHNICAL LEVEL WORKING GROUP THAT WILL CONSIDER FOLLOWING PAPERS TO BE PREPARED BY SECRETARIAT:

A) COMPARISON OF ECE/CODE DEFINITIONS. THIS PAPER WILL BE INFORMALLY DISCUSSED WITH KEY DELS IN JULY.

B) COMMENTS MADE IN THIS MEETING ON TEXT OF CODE.

C) WRITTEN COMMENTS ON PACKAGING AND LABELLING, AS WELL AS ANY ADDITIONAL COMMENTS ON CODE, RECEIVED BY JUNE 15 DEADLINE. SECRETARIAT WILL ALSO PREPARE REPORTS ON AVAILABILITY OF INFORMATION ON STANDARDS-MAKING BODIES AND QUALITY ASSURANCE SYSTEMS IN VARIOUS COUNTRIES AND ON WORK BEING DONE BY ISO/UNESCO

ON ESTABLISHMENT OF INFORMATION NETWORK.

11. COMMENT: U.S. DEL ENCOURAGED THAT SUBGROUP AGREED TO  
WORK TOWARD CONTRACTUAL CODE BASED ON EXISTING DRAFT  
TEXT. HOWEVER, DESPITE POSITIVE EC ATTITUDE ON THESE  
POINTS, EC CLEARLY HAS NO INTENTION TO EXPEDITE WORK  
AND CONCLUDE EARLY AGREEMENT. U.S. DEL BELIEVES  
THAT EC FOOTDRAGGING SHOULD BE DISCUSSED AT HIGH LEVEL.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STANDARDS, TRADE AGREEMENTS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Original Handling Restrictions:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MTN: NTM SUBGROUP MEETING ON STANDARDS  
**TAGS:** ETRD, GATT  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006